

January 30, 2004

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Docket No. R-1167-1171
Notices of Inquiry Regarding Proposed Consumer Protection Disclosure Rules

Dear Ms. Johnson,

As a leader in the financial services industry (“the industry”), Fifth Third Bancorp¹ (“Fifth Third”) welcomes the opportunity to comment on proposals issued by the Board of Governors of the Federal Reserve System (“Board”) to establish more uniform standards for providing disclosures under five consumer protection regulations: B (Equal Credit Opportunity); E (Electronic Fund Transfers); M (Consumer Leasing); Z (Truth in Lending); and DD (Truth in Savings), (collectively, the “Regulations”).

Fifth Third recognizes the Board’s attempt to create uniform standards and consistency among the Regulations, however the proposed rules would have serious unintended consequences that would negatively affect the financial services industry.

Background

Like many in the industry, Fifth Third is greatly concerned about the proposed requirements and urges the Board to withdraw the proposed rules. In the event that the Board elects to proceed with this rulemaking process, Fifth Third respectfully requests that the proposal be revised and that another opportunity for public comment be granted.

The Board has proposed a uniform standard for “clear and conspicuous” disclosures under the Regulations to help ensure that consumers receive “noticeable and understandable” information required by law in connection with obtaining consumer financial products and services and to aid in facilitating compliance through consistency among the Regulations.

¹ Fifth Third Bancorp provides banking, investment and electronic payment processing services to 5.5 million customers through 17 affiliates in Ohio, Kentucky, Indiana, Michigan, Illinois, West Virginia, Tennessee and Florida. With \$91 billion in assets, Fifth Third is among the top 12 largest bank holding companies in the nation and among the ten largest in market capitalization.

Fifth Third appreciates the Board's attempt to establish uniform standards and consistency; however, it opposes the proposed rules for the reasons included below.

Rationale for Opposition to Proposed Regulations

- The “clear and conspicuous” standard imposes a one-size fit all approach to disclosures. In so doing, the standard is constrictive and lacks the adaptability necessary to accommodate the demands of all the Regulations proposed as well as the levels of complexity associated with institutions of varying size.
- The definition of “clear and conspicuous” proposed, modeled after Regulation P, is currently under review and has been published for public comment in order that it may be improved. In so far as the definition has been identified for enhancement, it is not desirable that it extended, in its current state, to other Regulations.

As the definition is currently written, recognizing that Regulation P has no civil liability provisions, while other Regulations do, it is unclear how different courts would read and enforce this standard, making financial institutions susceptible to significant lawsuits.

- The standard, “designed to call attention to the nature and significance of the information in the disclosure” exceeds the stated objective and would necessitate that financial institutions take many additional steps to ensure compliance.
- The headings, font, and other proposed formatting requirements would alter the focus of the materials communicated and divert the reader from the intended message. Further, the proposed rules lack clarity regarding font sizes that meet the “clear and conspicuous” standard.
- The proposed rules would result in severe hardship for financial institutions, including exorbitant costs and compliance burdens, without benefiting the consumer. The proposed regulations would impact practically all communications a financial institution has with a consumer, including advertisements, applications, monthly statements, ATM receipts, account agreements, and correspondence regarding credit decisions or disputes. Additionally, institutions would incur the expense of destroying large quantities of existing forms and materials. Ultimately this expense would be passed on the consumer in the form of increased interest rates.
- The proposed standards would provide no meaningful benefit to consumers. No evidence exists to support enhanced consumer awareness as a result of greater “clear and conspicuous” standards for lengthy privacy disclosures. The proposed standards would make disclosures longer, more complex, and difficult to understand.

Conclusion

Fifth Third urges the Board to withdraw these proposed rules. If the Board chooses to proceed, we ask that you reexamine the rules and provide further opportunities to comment. In the event that the rules are finalized, we urge the Board to give financial institutions at least 12 months to implement these significant changes.

We appreciate the opportunity to comment on this proposal. Should you wish to discuss any elements of this letter further, please call me at (513) 534-7323.

Sincerely,

Michael Matossian

Michael Matossian
Chief Compliance Officer
Fifth Third

cc: Malcolm Griggs, Chief Risk Officer
Paul Reynolds, General Counsel